



**PETITION TO MAKE SPECIAL**  
**UNDER M.P.E.P. 708.02 (VIII)**

**Title of Invention:**

Method of Calculating Premium Payment to Cover the Risk Attributable to Insureds  
Surviving a Specified Period

**Inventor Name:**

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**New Docket:**

LPD092603USNP

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Dear Examiner,

Applicant hereby petitions the Commissioner of Patents and Trademarks under M.P.E.P. 708.02 (VIII) to make the above referenced application 10/743201 special in order to receive accelerated examination. Applicants request that the fee of \$130 under 37 C.F.R. 1.17(h) be charged to the agent's Deposit Account 502,083. Examiner is also respectfully requested to charge any additional fees, charge any underpayment of fees or refund any overpayment to said deposit account.

All claims presented for examination are directed to a single invention. Claim 1, as amended by preliminary amendment filed June 2, 2004, is the only independent claim.

Applicant affirms that a preexamination search has been made by the patent search firm, Tim Palmer Consulting ([www.palmerpatent.com](http://www.palmerpatent.com)) of New York, New York. The field searched was class 705 subclass 004. The search of patent references included searching US issued patents, US published patent applications, European granted patents, European applications, and WIPO PCT. The search of non-patent references included all databases searched at the USPTO for both the 705 class in general and the subclass 004 in particular as well as some additional resources. Databases searched included INSPEC, Lexis-Nexis, Dialog Finance and Banking, databases from The Gale Group, Journal of Commerce, Factiva.com, as well as insurance and finance industry specific publications including American Banker, Society of Actuaries, and Life Insurance Selling.

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The following references were developed during the search. A copy of each of non US patent or patent application reference is enclosed along with a copy of an information disclosure statement (PTO/SB/08a).

<b>Patents and Patent Applications</b>	
<b>Inventor</b>	<b>Patent or Application Number</b>
Gross et al.	US 5,083,270
Van Remortel et al.	US 5,136,502
Baronowski et al.	US 5,926,800
Meyer et al.	US 6,330,541
Vicente	US 6,393,405
Livingston	US 20010047325A1
Ruark	US20030088430A1
Zander et al.	US20030208385A1
Corcoran	EP00978795A2
Hill et al.	WO2004/013794A2

<b>Non-patent Publications</b>			
<b>Title</b>	<b>Author</b>	<b>Publication</b>	<b>Date</b>
Viatical Reinsurance Latest Signs of Changes		National Underwriter Life & Health	Feb. 8, 1999
High Net Worth Viaticals Ripe for Reinsurers	Gary Chodes	National Underwriter Life & Health	April 26, 1999
Investing in Death Gets a New Life	Jeff Benjamin	Investment News	Feb. 26, 2001
Life-policy Firms Secure Financing		Asset-Backed Alert	August 20, 2001
Issuer's Plan Rekindles Death-bond Debate		Asset-Backed Alert	March 29, 2002
Cashing Out:	Ron Panko	Best's Review	April 1, 2002

### **DESCRIPTION OF THE CLAIMED INVENTION**

The present invention is directed to a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

The present invention comprises a method for insuring against the adverse financial consequences of survival risk to a third party beneficiary. Said insurance is referred to in the instant application as "survival risk insurance". Said third party is

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referred to in the instant application as the Coverage Recipient. The party providing survival risk insurance is referred to in the instant application as the Coverage Provider.

“Survival risk” is defined in the instant application as the financial risk that a third party beneficiary faces from a set of insured lives living longer than expected. The term, an “insured life” in the instant application refers to a person with a life insurance policy in effect on their life.

Independent claim 1 recites a method for a Coverage Provider providing survival risk insurance to a Coverage Recipient. Said method comprises the steps of:

- selecting a group of insured lives such that the insured lives belong to a mortality class as of a beginning date;
- calculating an expected death benefit payable to the Coverage Recipient due to expected deaths of the members of the group of insured lives, said deaths occurring between the beginning date and an end date;
- calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date;
- committing the Coverage Provider to pay the Coverage Recipient a first benefit equal to a percentage of the positive difference between the expected death benefit and an actual death benefit payable to the Coverage Recipient due to actual deaths of members of the group of insured lives, said deaths occurring between the beginning date and the end date;

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committing the Coverage Recipient to pay a set of premiums to the Coverage Provider in exchange for the first benefit wherein the set of premiums has a present value as of the beginning date equal to the single premium.

#### **DETAILED DESCRIPTION OF THE REFERENCES**

**Gross et al.** describes a data processing system and method for implementing a program for producing income from assets that are not normally income-producing. (col 2, line 40 - 45.) In effect, this is a reverse mortgage scheme involving the transfer at death of an individual's property (which may be a life insurance policy) to an entity that pays the owner of such property a periodic payment of some sort during the owner's lifetime.

The invention is distinguishable from Gross et al. because Gross et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Van Remortel et al.** describes a method for funding present and future health care liabilities utilizing in part the expected death benefit payments from variable life insurance policies taken out on a set of insureds. (col 2, lines 50 - 55.) Van Remortel et al. relies on the selection of the lives to be insured by the variable life insurance policies "to provide adequate returns" (Step 218 Figure 2).

The invention is distinguishable from Van Remortel et al. because Van Remortel et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Baronowski et al.** describes a system for providing loans to owners of life insurance policies who are terminally ill. (col 1, lines 7-15).

The invention is distinguishable from Baronowski et al. because Baronowski et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

Baronowski et al. describes a long felt need for survival risk insurance wherein he states that "a provider becomes economically worse off the longer the policy holder lives". (col 13, lines 12 – 50). Baronowski et al. does not teach or suggest, however, a method for providing insurance to protect a Coverage Recipient from survival risk.

**Meyer et al.** describes a system and method for managing the cash value growth (CVG) of large pools of insurance policies through monitoring death rates and interest rates. (col 1, lines 55 - 65). Meyer et al. makes reference to managing an actuarially credible pool of life insurance policies which "normally includes in the range of approximately 10,000 lives." (col 3, lines 35 - 37) The reason for this is stated to be "Thus, when an actuarially credible population is insured, the system can predict the cash flow". (col 3, lines 13 - 15)

The invention is distinguishable from Meyer et al. because Meyer et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Vicente** describes a method whereby an investor pays the premiums of a life insurance policy on the insured in exchange for a portion of the death benefit (col 1 lines 64 – 67). In Vicente the portion of the death benefit paid to the investor increases the

longer the insured lives. Vicente relies on the factors A, B, and C being chosen (col 4, lines 53 - 60) such that the investor will not lose money stating only that this result would be undesirable.

The invention is distinguishable from Vicente because Vicente does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Livingston** describes a method for providing an open-end line of credit to an insured wherein said line of credit is secured by the death benefits of a life insurance policies in force on said insured (paragraph 0006)

The invention is distinguishable from Livingston because Livingston does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

Livingston acknowledges that a lender faces a risk in the practice of Livingston's method and that that this risk may be protected against using reinsurance (paragraph 0056). He neither teaches nor suggests, however, that the risk he is reinsuring is survival risk. Furthermore, he neither teaches nor suggests that said reinsurance be provided using all of the steps of the instant invention. In particular, he neither teaches nor suggests carrying out the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.



**Ruark** describes a system for designing and administering a reinsurance plan for a variable annuity contract with a minimum death benefit guarantee (paragraph 0001). Such a guaranteed minimum death benefit (GMDB) is described in Ruark as. "This insurance feature promises that if the owner dies while the annuity is in the deferral phase, the beneficiary will receive a guaranteed amount of death benefit regardless of the value of the account value at the time of the owner's death." (paragraph 0006) In paragraph 0007 Ruark indicates that "the benefits paid would not only depend on the how the investments performed, but on the mortality of the owners."

The invention is distinguishable from Ruark because Ruark does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Zander et al.** describes a system and method for evaluating the insurability of a risk for facilitating the underwriting of insurance, such as life insurance (paragraph 0001). Zander et al.'s focus is on the underwriting process and the evaluation of mortality risk and neither teaches nor suggests anything concerning survival risk.

The invention is distinguishable from Zander et al. because Zander et al does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

**Corcoran et al.** describes a technique for determining optimum risk financing (paragraph 0004). That is, Corcoran et al. describes, essentially, a trial and error process

(paragraph 0007) to determine the optimum mix of retained risk, premium cost, insured risk, and insured risk cost (paragraph 0005) to achieve optimum risk financing.

Corcoran et al.'s focus is on determining an optimum risk financing cost and neither teaches nor suggests anything concerning survival risk.

The invention is distinguishable from Corcoran et al. because Corcoran et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient.

Hill et al. describes a method to finance a longer than expected lifetime. (page 6 lines 8-10). Hill et al. describes a "longevity insurance" which would "pay a lump sum survival benefit amount if and only if the insured survives to the 'target date'." (page 6, lines 4 - 15).

The invention is distinguishable from Hill et al. because Hill et al. does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient. Hill et al. does not describe a third party beneficiary of a life insurance policy nor any means to insure said third party beneficiary against survival risk.

The article, Viatical Reinsurance Latest Signs of Changes, discloses the availability of reinsurance for viatical settlements. (paragraph 1).

The invention is distinguishable from Viatical Reinsurance Latest Signs of Changes because Viatical Reinsurance Latest Signs of Changes does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests carrying out the step of calculating a single premium wherein the

single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.

The article, **High Net Worth Viaticals Ripe for Reinsurers**, discloses a desire by some investors in viaticle settlements to limit their downside risks by structuring a minimum return (paragraph 9) and that "Suitable reinsurance may provide assurance that the block performs sufficiently to repay debt and interest." (paragraph 10) **High Net Worth Viaticals Ripe for Reinsurers** further states, "Generally speaking, such reinsurance could be purchased on an individual policy basis." (paragraph 11)

The invention is distinguishable from **High Net Worth Viaticals Ripe for Reinsurers** because **High Net Worth Viaticals Ripe for Reinsurers** does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests carrying out the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.

The article, **Investing in Death Gets a New Life**, discloses the availability of reinsurance for a limited partnership comprising a large number of life insurance policies.

(paragraph 3). The provider of the reinsurance will pay off a life insurance policy that is active two years beyond its maturity date (paragraph 21).

The invention is distinguishable from Investing in Death Gets a New Life because Investing in Death Gets a New Life does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests carrying out the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date..

The article, Life-policy Firms Secure Financing, discloses the availability of reinsurance for companies that buy life insurance policies (paragraph 4).

The invention is distinguishable from Life-policy Firms Secure Financing because Life-policy Firms Secure Financing does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.

The article, Issuer's Plan Rekindles Death-bond Debate, discloses the availability of reinsurance for "life settlement issues" (paragraph 8). The method for

providing said reinsurance comprises the step of the reinsurer's own doctors gauging a senior's life expectancy (paragraph 10). It is further disclosed that the reinsurer is not required "to honor policies unless the seniors live more than two years beyond their life expectancies." (paragraph 9)

The invention is distinguishable from Issuer's Plan Rekindles Death-bond Debate because Issuer's Plan Rekindles Death-bond Debate does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests carrying out the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.

The article, Cashing Out:, discloses the availability of extension-risk insurance (paragraph 3).


The invention is distinguishable from Cashing Out: because Cashing Out: does not teach or suggest a method for a Coverage Provider to provide survival risk insurance to a Coverage Recipient that comprises all of the steps of the claimed invention. In particular, it neither teaches nor suggests the step of calculating a single premium wherein the single premium is equal to or greater than the sum of the discounted survival risk benefits for each life in the group of insured lives less the present value as of the

beginning date of the expected death benefits of the survivors of said group of insured lives payable after the end date.

**CONCLUSION**

Applicant respectfully submits that in view of the foregoing, the requirements of M.P.E.P. 708.02 (VIII) have been met. The pending claims are all allowable over the references considered either individually or in any reasonable combination. Accordingly, Applicant requests that this Petition to Make Special be granted and that claims 1-10 be allowed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Nowotarski', with a long horizontal flourish extending to the right.

Mark Nowotarski

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